sector. Entry of these bodies in insurance sector as an insurer or as a distributing agent of insurance products will increase the insurance coverage, especially in rural areas.

Legislation on Service Tax

2035. SHRI KARNENDU BHATTACHARJEE: Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether Government propose to bring forward legislation on Service Tax;

(b) if so, the details of the proposed enactment and the reasons therefor;

(c) by when the new legislation is likely to be put in place; and

(d) whether the proposed law would take care of the interest of the State Governments in regards to the sharing of services with the Central Government?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI GINGEE N. RAMACHANDRAN): (a) to (d) The States have taken a unanimous decision to replace their existing sales tax system with Value Added Tax System from 1st April, 2003. In this context, and also to widen their tax base, all the States have requested that they should be allowed to levy tax on services. Appropriate action in this regard has been initiated by the Central Government.

Deduction/concession in Income Tax Act

2036. SHRI KARNENDU BHATTACHARJEE: Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether Government propose to terminate all concessions and deductions in the Income Tax Act;

(b) If so, the details thereof and the reasons therefore; and

(c) whether Government have drawn up a strategy to phase out the concession and if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI GINGEE N. RAMACHANDRAN): (a) No, Sir.

(b) Does not arise.

(c) In recent years, there has been a concerted effort towards the rationalisation and simplification of the direct taxes, which includes the